

Housing

Housing is the basic building block of all communities. Communities that offer a variety of housing options for their residents tend to be those very communities that are most stable over the long-term. These options should include both a variety of housing types and a variety of price points for these housing types.

Issues:

The Study Area contains a variety of housing types.

Single Family Detached Housing surrounds the periphery of much of the Study Area. Residents are particularly proud of the single-family detached housing and want to protect it from future commercial and multi-family encroachment wherever possible. The Study Area itself contains 217 single-family homes.

An estimated 1,750 multi-Family Housing exist within the Study Area, but there is some reluctance to embrace more multi-family housing due to the fact that the multi-family housing that currently exists is poorly designed and/or poorly maintained. There is also a concern that new large homes will turn into multi-family rentals in the future, even though zoning prohibits such.

Mixed-Income Housing is important to provide a range of housing types for all residents of a community. The Study Area, however, already contains a high-degree of “affordable” housing units. Therefore, participants in the public process feel that future efforts should focus on providing more moderate-income units over the next ten years.

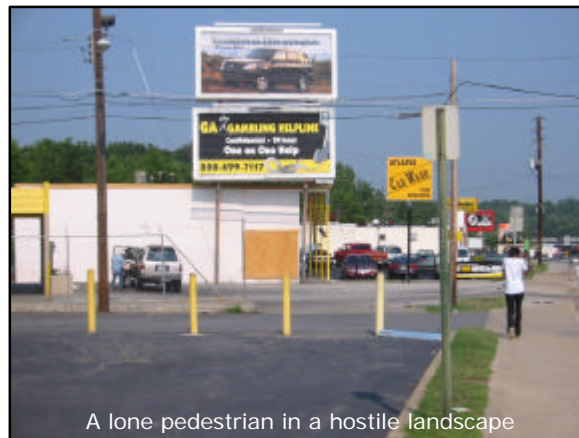
Opportunities:

Opportunities exist to expand upon the existing housing diversity in the Study Area through infill residential and mixed-use development. Additionally, the proximity to MARTA creates a tremendous opportunity to increase the amount of residents that can live within walking distance of transit – another key to created truly diverse communities. Citywide, there is an increased desire to have residences near rail transit. Such rail access could create a niche residential market for the H.E. Holmes Study Area.

Urban Design

Issues:

Building setbacks, parking lots, and strip shopping centers lend a sprawling, suburban feel to this intown area. MLK Drive is currently more of a high-speed arterial than a "Main Street". Signage is unattractive, consisting of billboards and oversized plastic boxes designed to be viewed from a speeding automobile.



The disconnected nature of the MLK Drive corridor carries over to the greater Study Area. Other than a few key streets, there is nothing to tie the area together as a cohesive place. Buildings do not relate to one another, and the lack of a complete street system means that it is impossible to establish a traditional urban fabric.

These characteristics can all be altered through implementation of good urban design guidelines.

Opportunities:

There is an opportunity to improve the urban form of the Study Area to create a visually cohesive and pedestrian-friendly community.

An urban design vision that orients buildings to the street, discretely locates parking, and unifies the Study Area through basics of good urban design could be implemented through zoning and policy controls.

In addition, sign ordinance amendments could be instituted to limit the size and height of signage.

Over the long-term, new streetscape could be implemented and utility wires could be buried to improve the visual unity of the Study Area.

Economic Development

The ability of an area to respond to economic change is affected by a variety of factors. Demographics, traditional development and land-ownership patterns can affect the ability of an area to respond to economic changes. Less clear, but equally challenging problems associated with perception can often pose an even greater challenge.

Issues:

As part of the research, the project team worked closely with residents of the surrounding community to understand their vision of the redevelopment of the Study Area. From this collaborative process, it was determined that the Study Area fails to adequately serve the needs of its residents and the residents of surrounding neighborhoods. At community workshops, many residents expressed concern about the need to leave the community to find “decent” stores with high quality products. However, the proximity of the Study Area to established retail clusters along Cascade Road and nearby Thornton Road in Douglas County, presents a challenge, as many desired national retailers currently serve the Study Area through existing nearby stores.



A marginal commercial use

Other challenges are summarized as follow:

- The need to remove existing marginal manufacturing and commercial uses from the Study Area.
- The need to develop and promote an identity for the community.
- The need to attract businesses that serve the needs of area residents as well as MARTA riders.
- The need to ensure human scale development.

Opportunities:

With anticipated future residential growth the Study Area has the potential to attract new retailers to serve new and existing residents and reduce retail sales (and jobs) leakage to other retail clusters. The same can be said for new professional office uses. Community residents identified the following types of businesses as being the most needed in the Study Area:

- Wheel alignment shops/full service automobile repair shops
- Banks
- Mid-priced, sit-down restaurants
- Upscale restaurants
- A large, non-discount grocery store, such as Publix or Kroger
- Hardware stores
- Post office
- Bowling alley
- Book stores
- Small movie theaters
- Ice cream and coffee shops
- Yoga and meditation facilities
- Boutique clothing stores
- Ethnic chain restaurants (especially Mexican)
- Delis
- Clothing stores
- New drug store
- Recreation & social development facilities (e.g. Knowledge Center, Sylvan Learning Center, Music Conservatory, etc.)

Existing governmental programs represent another opportunity to support economic development, including:

- Development Impact Fee Exemptions, in which impact fees are eliminated for key economic development projects.
- Urban Enterprise Zone, in which ad valorem taxes, may be abated for ten years to commercial, mixed-use, industrial, or housing developments, subject to approval by City Council.
- Atlanta Renewal Community, in which the City is eligible to share in an estimated \$17 billion in tax incentives for investors in businesses.
- One Stop Capital Shop loans, in which businesses can be assisted with business plans and other supports.
- The Phoenix Fund, in which loans can be made to certain businesses.

Finally, development can be supported through increased quality in the built environment. The hottest markets nationwide are mixed-use, vibrant, pedestrian-oriented communities. Initial public policies to support such environment could establish a new paradigm for the area and contribute to increasing land values and rents. Furthermore, zoning could ensure a high quality of development, thus protecting pioneer developers from risk by ensuring a high standard of development for potential competitors.

Other Issues and Opportunities

Other issues pertinent to the area include the changing needs of the area as it ages, and the need to get rid of drug activity in the neighborhood.

There is an opportunity to promote a sense of place in the Study Area by creating gateways.

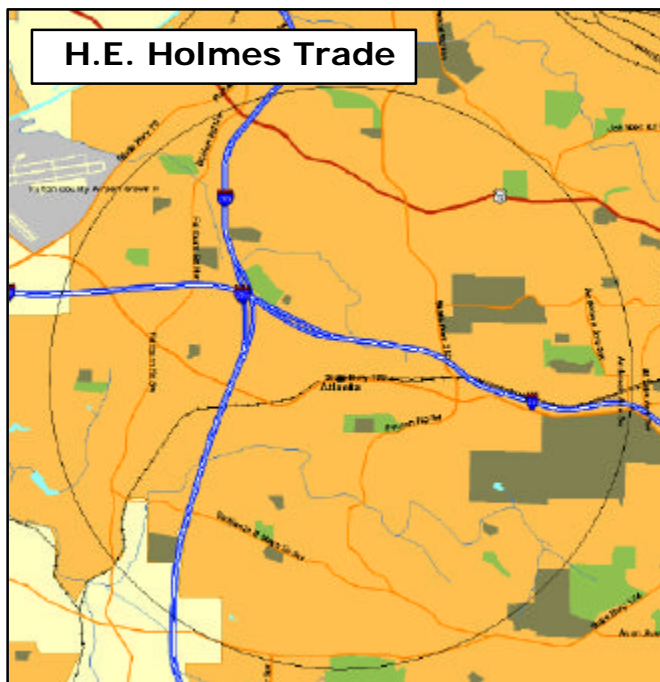


A community marker in northeast Atlanta

DEMOGRAPHIC & MARKET ANALYSIS

Demographic Analysis

The trade area delineated for this research is comprised of a 2.5-mile radius from the intersection of MLK Drive and Linkwood Drive and is the geographic area from which the large majority of potential shoppers and prospective residents of the Study Area originate. Between 1990 and 2001, population and household growth within the trade area remained almost unchanged, with population increasing by 0.14% annually, below City of Atlanta (0.59%) and Atlanta MSA (4.07%) levels. Forecasts for 2001-2006 show the trade area's average annual population growth rate increasing to 0.53%, remaining below City (0.89%) and MSA (3.41%) levels.



The age distribution of the trade area population reveals a higher proportion of younger (i.e., under 15) and older (i.e., over 65) residents relative to the City and MSA. Within the trade area, 24% of the population is under the age of 15, above the City (19%) and MSA (22%) proportions. Fourteen percent (14%) of trade area residents are over 65 years of age, above both the City (10%) and MSA (8%) proportions. While young professionals are a primary target market for residential and retail development in the Study Area, families with young children and elderly residents/retirees are also valuable target markets.

Household income levels in the trade area are generally low to moderate with an estimated 2001 median household income at \$28,057, below \$36,961 within the City and \$55,064 in the MSA. In 2001, an estimated 74% of trade area households had annual incomes of less than \$50,000, compared to 63% within the City of Atlanta and 47% in the Atlanta MSA. A windshield survey, however, does confirm that the area is home to a small,

but growing number of middle-to-upper income residents likely attracted by the Study Area's proximity to the affluent Cascade Road area.

Although household income levels in the trade area itself are relatively low, intown housing development throughout the city is increasingly drawing young professionals and empty nesters who want to reduce commuting time and adopt an urban lifestyle. As residential and retail development progresses in the Study Area, more affluent residents will likely be drawn to the H.E. Holmes area, particularly due to its proximity to the much sought-after Cascade Road area. Developing housing that appeals to a range of age and income groups will ultimately strengthen the community and help to ensure its long-term success. More and more, consumers are demanding authenticity in their purchases, in their activities and in the communities in which they choose to live.

Part of strengthening the economic base of the Study Area will be to increase employment. There were an estimated 2,954 jobs within the census tracts that immediately surround the Study Area in 1998, which is expected to increase to 4,016 by 2010. Within the Study Area are an estimated 1,619 jobs, of which 30 are industrial (tire warehouse), 200 in offices and personnel service, 223 in food and beverage, and 1,166 in retail. Employment growth will be even stronger as new retail and office development progresses in the Study Area. Area employees represent a significant market for new retail and housing development in the Study Area.

To obtain a more comprehensive understanding of trade area residents for market segmentation purposes, trade area households are categorized in various "Lifestyle" or psychographic groups. Trade area households fall into just four Lifestyle groups, which are generally younger (although a high proportion of elderly households exist), typically have average to below average incomes and often have children living at home. In terms of retail preferences, below average incomes limit a large share of these household's purchases to necessities such as groceries, personal care, prescriptions, infant products, day care, etc. However, remaining income is frequently dedicated to apparel (women's, men's, teen's and children/infant's), shoes, electronics, fast food and appliances/ housewares.

Issues:

As part of the research, the project team worked closely with residents of the surrounding community to understand their vision of the redevelopment of the Study Area, which is summarized as follows:

- Preserve adjacent single-family residential areas by concentrating redevelopment activity along MLK Drive close to the MARTA station.

- Upgrade and improve the management of existing multifamily developments that are not redeveloped.
- Provide housing for a mix of age and income groups.
- Remove existing marginal manufacturing and commercial uses from the Study Area.
- Develop and promote an identity for the community.
- Attract businesses that serve the needs of area residents as well as MARTA riders.
- Ensure human scale development.
- Encourage pedestrian activity throughout the Study Area, linking it to surrounding neighborhoods.

Opportunities:

Community residents identified the following types of businesses as being the most needed in the Study Area:

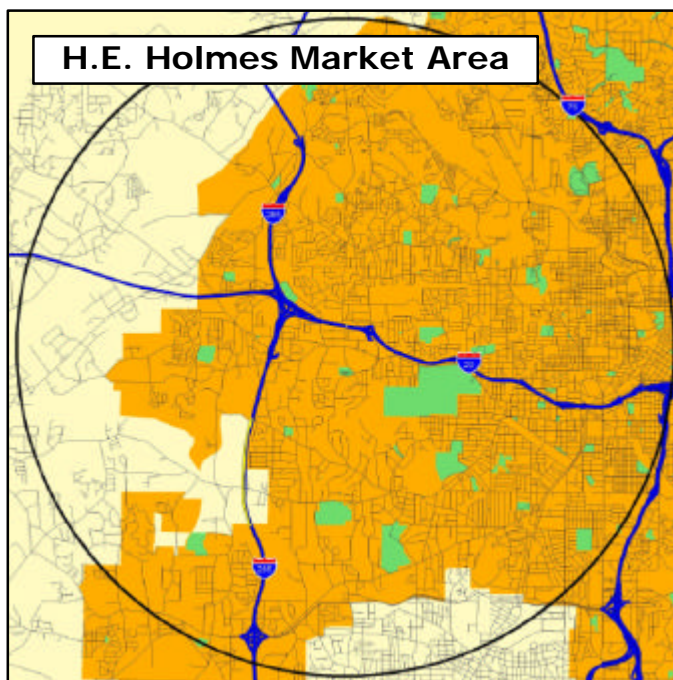
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- New drug store
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Residential Market Analysis

A statistical demand analysis was performed for the market area (defined by a 5-mile radius from the area) to estimate the potential market depth for for-sale housing and rental housing. The two main sources of annual potential demand for housing are new household growth and turnover. New household growth is traditionally used to project market growth and is based

on population and household growth projections. Projected owner or renter occupied households are qualified or segmented by owner or renter turnover rates (derived from the 2000 Census), income, age and household size.

To offer insight to the strength of the H.E. Holmes residential market, the supply side of the local housing market is provided, including: sales data, characteristics and absorption histories of a sample of nearby active for-sale developments that are medium density (i.e., townhouses) and a survey of nearby rental projects.



For-Sale Residential Analysis:

Despite the recent recession and the corresponding tightening of the local labor market, the Atlanta region's housing market has done surprisingly well in 2002. In the first half of the year, building permit activity was down 11% from the first half of 2000. While permit activity is down, the entry-level market (homes priced below \$250,000) has remained strong. Higher priced homes (especially those priced above \$350,000) are staying on the market longer and sales of homes in this price range are slowing. Low mortgage rates have enabled first time homebuyers and first time move-up buyers to afford homes priced below \$250,000. In addition, down payment assistance combined with low mortgages has encouraged renters to become homebuyers. Finally, homeowners who have lost their jobs in the past year are selling their luxury-priced homes to purchase lower-priced homes.

Single-Family Home Sales:

Based on a sample of home sales within the 30311 and 30331 Zip Codes (which contain and surround the Study Area), the housing market is centered in the \$100,000 to \$200,000 range. One fifth of the transactions in this range are \$120,000 to \$159,000. Another one-fifth of transactions are in the \$160,000 to \$200,000 range. Median sales price is \$140,000, average sales price, \$176,912. Lowest price is \$58,000 and highest price is \$800,300.

Attached Residential New Home Sales:

There is one new single-family attached project located in the Study Area, Collier Pointe, which is located at 2565 Burton Road just north of the MARTA station. There are 151 units in this townhouse community priced as follows: \$136,500 for a 1,256 square foot 2 bedroom/2.5 bath townhouse with a one-car garage; \$145,000 for a 1,443 square foot 3 bedroom/2.5 bath townhouse with a one-car garage; and from \$153,900 for a 1,288 square foot 2 bedroom/2.5 bath townhouse with a one-car garage. The latter model is three-stories with a walk-in at garage level.

Collier Pointe has experienced brisk sales since it opened in March 2002. Forty of the 151 units have sold for an average monthly sales rate of 6 units. Sales representatives confirm that the buyer profile is predominantly young professional singles and couples with few or no children.

For-Sale Residential Demand:

It is assumed that a strong majority of prospective Study Area home buyers will be age 25 to 64, have annual incomes of \$35,000 and higher and live in one to three person households. Based on the estimate that 47% of market area households will own rather than rent and that 44% of new households moving into the market area will own their homes, over the next 10 years an estimated 841 annual new households in the market area will be potential market rate homeowners. This estimate takes into account that a portion of renter households will move up to home ownership (especially with low interest rates) and that a certain portion of demand for new housing will emanate from outside of the market area, particularly as redevelopment progresses and as the Study Area's identity as a transit-village is communicated to external markets.

Based on an evaluation of planned and proposed physical improvements in the Study Area, the expansion of the Study Area's position as a mixed-use transit-village and our experience in facilitating residential development in other communities, during the first ten years of development an estimated 732 market rate for-sale housing units could potentially be absorbed in the Study Area. In other words, the Study Area has the potential to capture 9% (or 732 units) of total market area demand for for-sale housing within the 2002-2012 period.

Opening price points of for-sale units located in the Study Area should range from \$130,000 to \$180,000. While there is also demand for units priced at \$180,000 and up, it is our opinion that when unit prices rise above this level demand will begin to thin out.

For-Rent Residential Analysis

Despite the slowing economy, the Atlanta region continues to lead the nation in multifamily construction. While developers have remained optimistic about the multifamily market, 2003 demand will be highly dependant on the strengthening of the local job market. The slowing job market has contributed to increasing vacancy rates and flat rents.

Intown development continues to show signs of strength, with some developments mixing condominiums with apartments to accommodate future market conditions (i.e., developers can obtain immediate returns on the sale of units as well as secure cash flow from rentals). In addition to rental and ownership developments, some recent intown developments include a mix of uses (e.g., drug store, grocery store, etc.).

For-Rent Residential Competitive Supply:

In an effort to obtain an understanding of characteristics of market rate rental apartment projects in the H.E. Holmes area, eight nearby apartment projects were surveyed. Overall, the apartments surveyed are older, offer few amenities, command rents in the \$400 to \$600 range and achieve strong occupancy rates. One of the projects surveyed had an occupancy rate of only 78%, which can be largely explained by the fact that it is an older project with few amenities and relatively high rents.

Unit features and amenities present in the rental communities surveyed generally include a full kitchen with a dishwasher, balcony or patio, carpeting and on-site laundry. Upgrade features and amenities include: washer/dryer connections, playground, clubhouse and a pool.

Renter profiles obtained from interviews with managers and on-site leasing agents confirm that while there is a mix of prospective tenants at the communities surveyed, tenants are typically young and older singles and families, many of whom work in the area or have family nearby.

Three new rental projects are currently underway in the Study Area. The first will be located at the former West Lumber site just east of the MARTA station on MLK Drive. This mixed-income project, The Peaks, will have 183 1-, 2- and 3-bedroom units with market rate rents that range from \$600 (\$500 affordable) to \$780 (\$700 affordable). The second development, Alta Pointe, fronts the south side of MLK Drive and will have market rate and affordable units (bond financed). Alta Pointe will be comprised of 230 1-, 2- and 3-bedroom units with market rate rents that range from \$680 (\$569 affordable) to \$830 (\$780 affordable). Alta Pointe will be a Class A project

with a clubhouse, pool, car wash and sports court. The third project, Columbia Commons, is a 156-unit apartment community being developed across from the MARTA station on MLK Drive by Noel Kahlil.

For-Rent Residential Demand:

The rental demand analysis assumes that prospective Study Area renters will be age 25 to 64, have annual incomes of \$25,000 to \$50,000 and live in one to three person households. Based on estimated renter propensity of new and existing market area households, an estimated 2,688 annual new households in the market area will be potential market rate renters. This estimate is adjusted to reflect owner households that would prefer to rent as well as demand from external markets.

The Study Area has the potential to capture 9% of total market area demand for new market rate rental housing, which translates into 2,446 units over the 2002-2012 period. Based on current monthly rents at the market rate rental communities in the competitive market area, market rents in the general range of \$600 to \$800 for 1- and 2-bedroom units would be achievable in the Study Area. These rents are justifiably higher than average rents at projects surveyed in the competitive market area as the type of rental product envisioned for the Study Area will be new, urban, accessible and have amenities generally not offered in the rental communities in the competitive market area. However, these rents are lower than comparable new product in Atlanta's intown neighborhoods (e.g., midtown, downtown, etc.).

Convenient, secure parking should be provided with at least one space per unit at no charge. Other community features should include a laundry room and an exercise facility. Alarm system, washer/ dryer hookup, balcony, fireplace, storage, dishwasher/ disposal, cable-ready and high-speed Internet access should be standard unit features.

Residential Strengths, Challenges, and Opportunities

The strengths, challenges, and opportunities for residential development in the Study Area are summarized below.

Strengths

- Proximity to nearby established neighborhoods, including the desirable Cascade area.
- Access to downtown Atlanta as well as to employment centers throughout the region via I-285 and MARTA.

- Home prices and rents are generally more affordable than housing in other intown neighborhoods.
- The success of Collier Pointe has proven that there is a market for market rate, attached for-sale product in the Study Area.
- Apartment projects surveyed have strong occupancies despite older product with few amenities.
- If the Study Area is redeveloped as planned, prospective owners and renters will be able to live in a mixed-use, transit village – unlike any other in the area.

Challenges

- New rental product will have to compete with existing apartment communities that have low rents.
- The perception of crime and scattered blight in the Study Area may ward off prospective owners and renters.
- Developing new housing within the context of a compact, pedestrian-oriented transit-village is a new concept that will have to be “sold” to prospective owners and renters.

Opportunities

- Locating housing near the transit station will appeal to commuters who want to avoid traffic congestion by riding MARTA.
- Developing for-sale and rental housing that appeals to a variety of income and age groups will help to create an authentic and vibrant community.
- A mix of housing types will allow existing residents to “upgrade” to new housing.
- Elderly residents/retirees will be attracted to new housing in the Study Area due to its proximity to retail/services and MARTA as well as a range of housing options (e.g., tenure and pricing).
- Connecting residential development to shopping and entertainment through sidewalks and bike paths will be a major selling point in attracting new residents.
- Consumers are increasingly looking for an alternative to the isolation of the suburbs. The proposed development will enable residents to be part of a community, to feel connected.
- As a unique, mixed-use, transit-oriented development, residential development will appeal to residents from outside of the market area. Marketing efforts should therefore target residents from within and outside of the market area.

Retail Market Analysis

Although the boundary of the Study Area is not coterminous with the City of

Atlanta, retail sales data for Atlanta for the years 1992 through 2001 provide an indication of the growth in retail activity during this decade. By the year 2001, retail sales in the City of Atlanta (Fulton County) had reached \$6.7 billion, increasing 95% from \$3.4 billion in 1992. Retail sales in the State of Georgia increased 121% during these years, from \$49.9 billion to \$110.1 billion.

In the retail submarket defined as West Atlanta by Dorey's Atlanta Retail Space Guide, average rents range from \$6.85 to \$7.73 per square foot. There are 20 centers listed in this area for a total of 1.4 million sf. Average occupancy is 87%. Only 2,500 sf is under construction in this submarket. In addition, two major shopping malls – West End Mall and Greenbrier Mall – are located within a short drive (i.e., less than five miles) of the Study Area.

Local Retail Competitive Supply:

A survey of competitive shopping centers located on MLK Drive was conducted for this research. Three of the centers (West Ridge Shopping Center, Hightower Station and Gordon Plaza) are located within the Study Area between Lynhurst Drive and Holmes Drive. The fourth center surveyed is Collier Heights Plaza, which is located MLK Drive, 0.6 miles west of I-285 at Fairburn Road.

While the shopping centers surveyed are generally well maintained, they show signs of age and obsolescence. Occupancy is strong with only one major vacancy at West Ridge Shopping Center (a former supermarket). However, several of the smaller strip centers and free-standing businesses may be characterized as being poorly maintained and marginal. Average rents range widely from \$4 to \$13 per square foot. The centers surveyed represent the most immediate shopping opportunities for Study Area residents. In addition, there is a range of small strip and free-standing businesses located throughout the area.

Retail Demand Analysis:

Expenditure potential by type of merchandise is applied to population projections to obtain potential sales volume for trade area residents. Potential sales volume is adjusted to reflect anticipated growth in the Study Area and the assumption that existing average household expenditures of trade area households will increase as new housing is developed, particularly in and around the Study Area. Interviews with local developers and real estate professionals indicate that newly developed intown housing south of I-20 is increasingly drawing more affluent residents.

The Study Area has the potential to capture 25% of the total increase of potential sales in the trade area in the next five years, representing a total of 63,175 sf of retail space. Between 2007-2012, the Study Area's capture of the trade area's potential increase in demand for retail space could potentially increase to 26% or 62,662 sf of new retail space.

The estimate of potential demand for new retail space in the Study Area should be considered conservative based on the fact that employee and MARTA rider expenditures are not factored into the estimate. In addition, potential demand estimates do not account for the estimated 110,000 sf of existing, occupied retail space that will be displaced to accommodate redevelopment in the Study Area. In other words, existing supportable retail space in the Study Area will be lost to redevelopment and should therefore be considered in addition to potential demand estimates. By incorporating the 110,000 sf of existing retail space into the potential demand estimates, total supportable retail space in the Study Area increases to 235,839 sf by 2012.

Proposed Retail Mix:

Based on feedback from the community, demographic and Lifestyle characteristics of trade area households and retail trends among primary target markets (which include trade area residents, nearby employees and MARTA riders), the types of goods and services that would be most appropriate for the Study Area include:

- Trendy but reasonably priced women's, men's and teen's apparel
- Children's and infant's apparel
- Athletic, dress and casual shoes
- Jewelry
- Athletic apparel/equipment
- Home furnishings & housewares
- Specialty hardware/garden supplies
- Electronics
- Infant toys & products
- Drycleaner/laundry/alterations
- Shoe repair
- Video/DVD rental
- Day care/elder care
- Exercise studio/gym
- Banks
- Bakery
- Salon/barber
- Attractive specialty food stores (meat market, seafood, green market, bakery)

- New drug store
- Mail packaging center
- Community events (live music, art exhibits, theater, dance and festivals)
- A variety of restaurants (sit-down restaurant in the MARTA station, southern food/home style cooking, deli, health food seafood, vegetarian, Asian, barbeque, etc.)
- Coffee shop
- Dessert/ice cream shop
- Bar/grilles
- Dancing
- Sports bar
- R&B clubs
- Movie theatre

Retail Development Strengths, Challenges, and Opportunities:

The strengths, challenges, and opportunities for retail development in the Study Area are summarized below.

Strengths

- Occupancy rates at even marginal shopping centers in the Study Area are high.
- There is a shortage of needed retail/service businesses in the area, forcing area residents to look outside of the trade area for goods and services.
- An average of 9,000 riders board MARTA at the H.E. Holmes station each day.
- Retail development in the Study Area is concentrated on MLK Drive, making redevelopment more manageable.
- Successful retail development on Cascade Road adjacent to I-285 has demonstrated a demand for retail in the area.
- The Study Area is highly accessible to trade area residents as well as residents from outside the area via I-285 and MARTA.

Challenges

- Some of the retail development on MLK Drive is marginal, making the area less attractive as a shopping destination.
- Trade area households have limited buying power due to a high proportion of average and below-average income households.
- At present, retail development along MLK Drive is limited to commercial strip development – not unlike what is found in neighborhoods throughout the nation.
- Some of the Study Area's prime retail space is occupied by office uses.

Opportunities

- Customers today are increasingly looking for shopping districts that not only offer a variety of goods and services but also encourage face-to-face interaction. The proposed redevelopment of the Study Area will result in the creation of a “Main Street” shopping destination where shoppers and residents can interact in a unique and vibrant setting.
- Recruiting businesses that serve the needs of nearby residents will encourage area residents to shop locally as opposed to outside of the area (e.g., Midtown).
- Implementing design measures and targeting appropriate businesses to encourage MARTA riders to shop in the Study Area will be key to its success as a retail center. Many of the services demanded by MARTA riders echo those demanded by other target markets, reinforcing the demand for these types of businesses in the Study Area.
- Based on the results of the retail market analysis, recruit businesses that have the greatest chance of success and that appeal to multiple target markets.
- Creating a pedestrian-friendly environment that allows residents to easily walk from one end of the district to another and one which links shopping and entertainment to surrounding residents.

Industrial

The H.E. Holmes LCI Study Area is located close to significant concentrations of industrial and warehouse uses along Fulton Industrial Boulevard. Because of strong neighborhood opposition to existing industrial uses within the Study Area, an industrial market analysis was not conducted for this study. Rather, it is expected that in the short and long-term, residents will continue to find employment in the Fulton Industrial Boulevard corridor. Potential future expansion of MARTA rail westward will only increase access to this important employment center.

Recommendations

This section reviews recommended maximum amounts of residential, retail, office, and industrial space that can be supported in the Study Area. Because of land and other constraints, the numbers included herein are not necessarily reflected within the Concept Plan. Rather, the Concept Plan balances these market conditions with community desires.

For complete recommendations and analysis, please see the Appendix.

Residential:

The projection for the potential demand for housing in the Study Area assumes that there will exist marketable for-sale and rental housing product and that a marketing program for new housing will be underway. The housing types would include newly constructed townhouses, upper level residential, live-work units, single family detached and apartments. See

For-Sale

Based on the existing price position of for-sale housing in the market area, opening price points of for-sale units located in the Study Area should range from \$130,000 to \$180,000. While there is also demand for units priced at \$180,000 and up, it is our opinion that when unit prices rise above this level demand will begin to thin out.

Approximately 732 market rate for-sale housing units could be absorbed in the Study Area over the next ten years.

Rental

Based on current monthly rents at the market rate rental communities in the competitive market area, market rents in the general range of \$600 to \$800 for a two-bedroom unit would be achievable in the Study Area. These rents are justifiably higher than average rents at projects surveyed in the competitive market area as the type of rental product envisioned for the Study Area will be new, urban, accessible and have amenities generally not offered in the rental communities in the competitive market area. However, these rents are lower than comparable new product in Atlanta's intown neighborhoods. Convenient, secure parking should be provided with at least one space per unit at no charge. Other community features should include a laundry room and an exercise facility. Alarm system, washer/dryer hookup, balcony, fireplace, storage, dishwasher/disposal, cable-ready and high-speed Internet access should be standard unit features.

An estimated 2,446 market rate rental housing units could be absorbed in the Study Area over the next ten years.

Affordable Housing

Although beyond the scope of this project, there appears to be a need for attractive, affordable housing within the Study Area. Developing mixed-income housing in the Study Area will help to create a more vibrant and authentic community. Existing City programs should be utilized to promote affordability for a range of unit sizes.

Live-Work

Live/work units, both for-sale and rental, should be considered to accommodate growing numbers of people who are seeking larger than average space that is adaptable to living and working. These units should average from 1,200 to 1,500 sf and be priced according to finish.

Based on an evaluation of the surrounding housing, planned and proposed physical improvements in the Study Area, the expansion of the Study Area's position as a mixed-use transit-village and our experience in facilitating residential development in other communities, Marketek estimates that during the first ten years of development,. In other words, the Study Area has the potential to capture 9% (or 732 units) of total market area demand for for-sale housing within the 2002-2012 period. Combined, there is potential demand for 3,178 market-rate housing units in the Study Area between 2002 and 2012, 23% ownership and 77% rental.

PRELIMINARY FOR-SALE HOUSING PROGRAM
H.E. Holmes Market Area and Study Area Capture
Ten-Year Program

	Potential Demand for New For-Sale Housing Units (1)	Study Area Capture Rate	Total Study Area Capture
Year 1	841	7%	59
Year 2	841	7%	59
Year 3	841	8%	67
Year 4	841	8%	67
Year 5	841	9%	76
Year 6	841	9%	76
Year 7	841	9%	76
Year 8	841	10%	84
Year 9	841	10%	84
Year 10	841	10%	84
Total	8,412	9%	732

1. As shown in Exhibit H-1

PRELIMINARY RENTER HOUSING PROGRAM
H.E. Holmes Market Area and Study Area Capture
Ten-Year Program

	Potential Demand for New Rental Housing Units (2)	Study Area Capture Rate	Total Study Area Capture
Year 1	2,688	8%	215
Year 2	2,688	8%	215
Year 3	2,688	8%	215
Year 4	2,688	9%	242
Year 5	2,688	9%	242
Year 6	2,688	9%	242
Year 7	2,688	10%	269
Year 8	2,688	10%	269
Year 9	2,688	10%	269
Year 10	2,688	10%	269
Total	26,881	9%	2,446

2. As shown in Exhibit H-2

PRELIMINARY HOUSING PROGRAM
Study Area Capture of For-Sale and Rental Product
Ten-Year Program

	Potential Demand for New Rental and For-Sale Housing Units	Study Area Capture Rate	Total Study Area Capture
Year 1	274	21%	79%
Year 2	274	21%	79%
Year 3	282	24%	76%
Year 4	309	22%	78%
Year 5	318	24%	76%
Year 6	318	24%	76%
Year 7	345	22%	78%
Year 8	353	24%	76%
Year 9	353	24%	76%
Year 10	353	24%	76%
Total	3,178	23%	77%

Sources: Marketek, Inc.; Census 2000; ESRI BIS

Retail:

Over the next ten years the Study Area can support an additional 125,827 sf of retail space. To optimize chances for recreating itself as a thriving, mixed-use "transit village" and, thereby, altering consumers' current perceptions of the area, the future business mix for the Study Area should depart significantly from the past. The three primary target markets for retail development in the Study Area are trade area residents, area employees and MARTA riders. Identifying businesses that appeal to all three markets is fundamental, especially in the short-term. Recommended business types or a suggested business mix are provided based on the Study Area's potential estimated demand for retail space with consideration for existing uses and attractions, potential pedestrian flow and target market characteristics. Over time, changing circumstances (e.g., characteristics of new residents, redevelopment activity, availability of land) will impact the recommended business mix. See table on next page.

Office:

Over the next ten years the office market in the Study Area can support a modest increase in office space of no more than 33,300 sf. Large sub-markets in Downtown, Midtown and Buckhead have traditionally dominated the City of Atlanta's class "A" office market. More recently, there has been a trend towards utilizing converted loft office space in formerly industrial areas for cutting edge companies. However, recent downturns in the high-tech real estate market have lessened the demand for this product.

Because of its proximity to Downtown/Midtown and its lack of historic buildings available for conversion to loft offices, the Study Area is limited to neighborhood serving offices. Medical, real estate, finance and insurance tenants present a modest opportunity to provide limited office services within the Study Area.

Industrial:

Due to strong neighborhood opposition to industrial users, as well as proximity to existing industrial cores along Fulton Industrial Boulevard, industrial uses are not recommended for the Study Area.

POTENTIAL SUPPORTABLE RETAIL SPACE
H.E. Holmes Trade Area and Study Area Capture
2002-2012

Merchandise or Service Category	2002	2007			2012			Total Study Area Capture
	H.E. Holmes Trade Area	H.E. Holmes Trade Area	Numeric Increase	Study Area Capture	H.E. Holmes Trade Area	Numeric Increase	Study Area Capture	
<i>Shoppers Goods</i>								
Apparel				25%			25%	
Potential Sales	\$41,685,356	\$50,456,766	\$8,771,410	\$2,192,852	\$58,922,935	\$8,466,170	\$2,116,542	\$4,309,395
Supportable SF	214,873	260,086	45,213	11,303	303,726	43,640	10,910	22,213
Home/Furniture								
Potential Sales	\$30,921,398	\$37,427,861	\$6,506,463	\$1,626,616	\$43,707,903	\$6,280,042	\$1,570,011	\$3,196,626
Supportable SF	163,605	198,031	34,426	8,606	231,259	33,228	8,307	16,913
Home Improvement								
Potential Sales	\$8,879,552	\$10,747,982	\$1,868,430	\$467,108	\$12,551,392	\$1,803,410	\$450,853	\$917,960
Supportable SF	44,621	54,010	9,389	2,347	63,072	9,062	2,266	4,613
Misc. Retail								
Potential Sales	\$33,833,663	\$40,952,923	\$7,119,260	\$1,779,815	\$47,824,437	\$6,871,514	\$1,717,879	\$3,497,694
Supportable SF	189,015	228,787	39,772	9,943	267,176	38,388	9,597	19,540
Total								
Potential Sales	\$115,319,969	\$139,585,533	\$24,265,564	\$6,066,391	\$163,006,669	\$23,421,136	\$5,855,284	\$11,921,675
Supportable SF	612,114	740,915	128,801	32,200	865,233	124,318	31,080	63,280
<i>Convenience Goods</i>								
Grocery				30%			30%	
Potential Sales	\$64,498,096	\$78,069,750	\$13,571,653	\$4,071,496	\$91,169,117	\$13,099,368	\$3,929,810	\$8,001,306
Supportable SF	171,995	208,186	36,191	10,857	243,118	34,932	10,479	21,337
Pharmacy /Personal Care Products								
Potential Sales	\$14,275,807	\$17,279,714	\$3,003,907	\$901,172	\$20,179,087	\$2,899,373	\$869,812	\$1,770,984
Supportable SF	44,752	54,168	9,417	2,825	63,257	9,089	2,727	5,552
Total								
Potential Sales	\$78,773,903	\$95,349,464	\$16,575,561	\$4,972,668	\$111,348,205	\$15,998,741	\$4,799,622	\$9,772,291
Supportable SF	216,747	262,354	45,608	13,682	306,375	44,021	13,206	26,888
<i>Food & Beverages</i>								
Potential Sales	\$37,688,130	\$45,618,446	\$7,930,315	\$1,586,063	\$53,272,791	\$7,654,345	\$1,913,586	\$3,499,649
Supportable SF	166,027	200,962	34,935	6,987	234,682	33,720	8,430	15,417
<i>Automotive Products</i>								
Potential Sales	\$22,612,878	\$27,371,068	\$4,758,189	\$713,728	\$31,963,675	\$4,592,607	\$688,891	\$1,402,619
Supportable SF	97,891	118,489	20,598	3,090	138,371	19,881	2,982	6,072
<i>Personal Services</i>								
Potential Sales	\$11,392,094	\$13,789,212	\$2,397,118	\$719,135	\$16,102,912	\$2,313,700	\$694,110	\$1,413,245
Supportable SF	83,765	101,391	17,626	5,288	118,404	17,012	5,104	10,392
<i>Other Retail Expenditures</i>								
Potential Sales	\$6,138,597	\$7,430,277	\$1,291,680	\$387,504	\$8,677,008	\$1,246,730	\$374,019	\$761,523
Supportable SF	30,540	36,967	6,426	1,928	43,169	6,203	1,861	3,789
Total								
Potential Sales	\$271,925,572	\$329,143,999	\$57,218,428	\$14,445,490	\$384,371,258	\$55,227,259	\$14,325,513	\$28,771,003
Supportable SF	1,207,085	1,461,079	253,994	63,175	1,706,234	245,155	62,662	125,837

Note: This exhibit represents the estimated potential demand for new retail sales and space in the H.E. Holmes trade area in the years 2007 and 2012. This potential demand estimate is based on the projected expenditure potential of H.E. Holmes trade area households by type of merchandise or service and projected household growth.

Sources: ESRI BIS; Bureau of Labor Statistics; Urban Land Institute; Marketek, Inc.

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